

### SUMMARY

The US health care system is supported by employers, individuals, and the State and Federal governments. In the midst of this economic recession, revenue has decreased for employers, leading to layoffs and reduced health care coverage. This has caused many individuals to lose their employer-sponsored insurance. These lower revenues also put a strain on States, who in turn have less to spend on care for the uninsured just as they see Medicaid roles increase. Further, individuals have seen savings shrink as they lose their health insurance, putting the

Recognizing that affordable and quality health care is key to a strong community and strong economic growth, the American Recovery and Reinvestment Act invests in bringing our health care system into the 21st century with information technology – that is proven to reduce costs, increase quality, and save lives. The package also protects health coverage for millions of Americans who have lost their jobs in this recession by providing up to 12 months of subsidized COBRA health insurance continuation coverage and a temporary state option to cover jobless workers through Medicaid. Modernizing our health care system will create hundreds of thousands of jobs. Economists estimate that, overall, this recovery package will save or create more than 250,000 jobs in the health care and education sectors.

### PROVISIONS PROVIDING AID TO SENIORS IN THE ECONOMIC STIMULUS

#### Health Insurance Assistance

**Premium Subsidies for COBRA Continuation Coverage for Unemployed Workers.** Recession-related job loss threatens health coverage for many families. To help people maintain coverage, the bill provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated, and for their families. This subsidy also applies to health care continuation coverage if required by states for small employers. With COBRA premiums averaging more than \$1000 a month, this assistance is vitally important. To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008 and December 31, 2009. The subsidy would terminate upon offer of any new employer-sponsored health care coverage or Medicare eligibility. Workers who were involuntarily terminated between September 1, 2008 and enactment, but failed to initially elect COBRA because it was unaffordable, would be given an additional 60 days to elect

COBRA and receive the subsidy. To ensure that this assistance is targeted at workers who are most in need, participants must attest that their same year income will not exceed \$125,000 for individuals and \$250,000 for families. The Joint Committee on Taxation estimates that this provision would help 7 million people maintain their health insurance by providing a vital bridge for workers who have been forced out of their jobs in this recession. Total Cost: \$24.7 billion.

Medicare Payments for Teaching Hospitals. The bill blocks a FY09 Medicare payment reduction to teaching hospitals related to capital payments for indirect medical education (IME). Total Cost: \$191 million.

Medicare Payments to Hospice. The bill blocks FY09 Medicare payment cut to Hospice providers related to a wage index payment add-on. Total Cost: \$134 million.

Medicare Payments to Long Term Care Hospitals. The bill makes technical corrections to the Medicare, Medicaid, and SCHIP Extension Act of 2007 related to Medicare payments for long-term care hospitals. Total Cost: \$13 million.

### **State Fiscal Relief and Medicaid**

Temporary Federal Medical Assistance Percentage (FMAP) Increase. The bill increases FMAP funding for a 27-month period beginning 10/1/2008 through 12/31/2010, with an across-the-board increase to all states of 6.2% and a similar increase for territories. A bonus structure (in addition to the across-the-board increase) provides an additional decrease in State financial obligations for Medicaid based on increases in the State's unemployment rate. States will also be required to maintain effort on eligibility. Total Cost: \$86.6 billion.

Temporary Increase in Disproportionate Share Hospital (DSH) Payments. The bill increases states' FY2009 annual DSH allotments by 2.5 percent, and increases states' FY 2010 by 2.5 percent above the new FY2009 DSH allotment. After FY2010, states' annual DSH allotments would return to 100% of the annual DSH allotments as determined under current law. Total Cost: \$460 million.

**Extension of Moratoria on Medicaid Regulations.** The bill extends moratoria on Medicaid regulations for targeted case management, provider taxes, and school-based administration and transportation services through June 30, 2009. The bill also adds a moratorium on the Medicaid regulation for hospital outpatient services through June 30, 2009. The provision includes a Sense of Congress that the Secretary of HHS should not promulgate regulations concerning payments to public providers, graduate medical education, and rehabilitative services. Total Cost: \$105 million.

**Extension of Transitional Medical Assistance (TMA).** The bill extends TMA beyond the current expiration date of June 30, 2009, to December 31, 2010. Total Cost: \$1.3 billion.

**Extension of the Qualified Individual Program.** The bill extends the Qualified Individual program, which assists certain low-income individuals with Medicare Part B premiums, through December 31, 2010. The estimated cost of this provision is \$550 million.

**Prompt Payment Requirements for Nursing Facilities and Hospitals.** The bill temporarily applies Medicaid prompt pay requirements to nursing facilities and hospitals. Total Cost: \$680 million.

**Prevention & Wellness Fund.** The measure provides \$1 billion for the creation of a "prevention and wellness fund," to make investments in preventive health care. Of this total, \$600 million would be transferred to the Centers for Disease Control and Prevention. Total Cost: \$1 billion.

**National Research Center Resources.** The measure appropriates \$1.3 billion for National Research Center Resources. Of this total, \$1 billion would be for renovation of facilities.

**Transitional Medical Assistance.** The agreement extends the Transitional Medicaid Assistance program through Dec. 31, 2010. (This program is scheduled to expire on June 30, 2009.) The program allows families in transition from welfare to the workforce to extend their Medicaid coverage for up to four months. It is intended to ensure that poor families do not lose health care coverage as their incomes increase. The authorization for these programs is currently scheduled to expire at the end of this month. Total Cost \$1.3 billion.

**Qualified Individual Program.** The measure extends the Qualified Individual (QI) program, which assists certain low-income individuals with Medicare Part B premiums, through Dec. 31, 2010. (The program would currently expire on Dec. 31, 2009.) The program helps Medicare beneficiaries who have a limited income but are not poor enough to qualify for Medicaid with financial assistance to help pay their Medicare premiums. Total Cost: \$550 million.

**Community Health Centers Care Services.** The agreement appropriates \$500 million for community health centers to provide care to uninsured and underserved rural and urban populations. In its report, the House Appropriations Committee notes that a 2008 study conducted by the George Washington University showed that a \$250 million annual increase could support an additional 1.8 million people in the low-income communities where such health centers are located. Total Cost: \$500 million.

**Community Health Centers Modernization.** The measure provides \$1.5 billion for community health centers modernization. This appropriation would be allocated through competitive grants or supplements to existing community health centers awards. Total Cost: \$1.5 billion.

**Training for Primary Care Physicians & Nurses.** The agreement provides \$500 million for training programs for primary care providers, including pediatricians, dentists, nurses, and professionals working in family medicine and internal medicine. According to the House Appropriations Committee, this provision would double annual funding for training primary care doctors and dentists, and nursing programs such as nurse scholarships, nurse faculty loans, and advanced nursing. Total Cost: \$500 billion.

**Health Information Technology.** This bill promotes the use of health information technology (health IT), such as electronic health records, by: requiring the government to take a leadership role to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information to improve the quality and coordination of care; investing \$19 billion in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors, hospitals, and other providers to use health IT to electronically exchange patients' health information; and strengthening Federal privacy and security law to protect identifiable health information from misuse and abuse as the health care sector increases use of health IT.

If the bill is enacted, approximately 90% of doctors and 70% of hospitals would adopt and use certified electronic health records within the next decade, according to the Congressional Budget Office. In turn, that would save the government more than \$12 billion and generate

additional savings throughout the health sector through improvements in quality of care, care coordination, and reductions in medical errors and duplicative care. Total Cost: \$19 billion.

### **SEE BELOW FOR FURTHER ASSISTANCE RELATED TO SENIOR TAX AND SPENDING PROVISIONS**

65% subsidy for laid-off workers to continue paying premiums for former employer's health plan for nine months: COBRA Pennsylvania Department of Labor and Industries, 1-888-313-7284, [w  
www.dli.state.pa.us](http://www.dli.state.pa.us)

Renovation and health IT purchases for community health centers: Health Resources and Services Administration is still investigating how to distribute these funds for community centers, which include funds for construction as well as provision of services. The HRSA intends to have more information available on it's website by 2/27. [www.hrsa.gov](http://www.hrsa.gov)

Training of nurses, primary care physicians, dentists to practice in underserved communities in the National Health Service Corps: Health Resources and Services Administration. \$300 million of these funds will go to expanded National Health Service Corps grants and scholarships. This program helps pay off education costs for individuals agreeing to work in underserved areas for at least 2 years. Additionally, \$200 million will go into promoting primary care physicans. These funds will be provided through existing grant systems as well. For more information, go to <http://nhsc.bhpr.hrsa.gov/about/>

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<http://nhsc.bhpr.hrsa.gov/about/>